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Corporate Social Responsibility in Global Value Chains: Where Are We Now, and Where Are We Going?

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Abstract

We outline the drivers, main features, and conceptual underpinnings of the compliance paradigm. We then use a similar structure to investigate the drivers, main features, and conceptual underpinnings of the cooperative paradigm for working with CSR in global value chains. We argue that the measures proposed in the new cooperation paradigm are unlikely to alter power relationships in global value chains and bring about sustained improvements in workers' conditions in developing country export industries. After that, we provide a critical appraisal of the potential and limits of the cooperative paradigm, we summarize our findings, and we outline avenues for research: purchasing practices and labor standard noncompliance, CSR capacity building among local suppliers, and improved CSR monitoring by local resources in the developing world.

Key Words: compliance paradigm; cooperative paradigm; corporate social responsibility; global value chains.

Introduction

On September 11, 2012, more than 300 workers died in a fire in the Ali garment factory in the commercial hub of Karachi, Pakistan. Workers were burned alive, succumbed to smoke inhalation, or died after trying to jump from the top floors of the factory building to escape the fire. Many of the windows and exit doors had been blocked by factory managers, preventing workers from escaping the blaze (Walsh and Greenhouse, 2012). Shortly before the fire broke out, the factory complex also had been certified with a SA8000 label—a seal of legitimacy for factories that comply with international labor standards (AFL-CIO, 2013). In November 2012, another 112 workers died in a factory fire in Dhaka, the capital of Bangladesh, when they found themselves trapped on the upper floors of a factory and the fire spread from the bottom to the top floors. This factory supplied Wal-Mart and Sears, both of which (along with other international retailers) claimed they had not been aware that their products were being produced in the Dhaka factory, despite the extensive social and environmental auditing programs they had in place for their suppliers (Yardley, 2012).

Such recent events, including the massive collapse of Bangladesh's Rana Plaza factory in May 2013 that killed more than 1,100 workers, have sparked renewed concerns about the lack of national labor regulations and the inadequacy of existing private social auditing schemes that seek to ensure a basic level of safety and decent work conditions for laborers in export-oriented industries located in developing countries (Locke, 2013). In this article, we seek to advance the debate over private social auditing schemes in global value chains. We trace the development of social auditing back to the early 1990s, when international retailers and supermarkets came under public scrutiny for their sourcing practices, after revelations that workers in developing countries were laboring under highly exploitative conditions. Private social auditing—also known as the compliance model—emerged in response to these criticisms. However, during the 2000s and early 2010s, impact assessments of corporate codes of conducts have shown that social auditing schemes (or corporate codes of conduct) at best have brought about limited improvements in workers' conditions, especially in developing country export industries. A broad-based coalition of leading international retailers, private consultants, academics, and nongovernmental organizations (NGOs) thus has started advocating a new cooperative policy paradigm for instituting corporate social responsibility (CSR) in global value chains.

For the purposes of this article we use Blowfield and Frynas' (2005, p. 503) definition of CSR, "an umbrella term for a variety of theories and practices all of which recognize the following: (a) that companies have a responsibility for their impact on society and the natural environment, sometimes beyond legal compliance and the liability of individuals; (b) that companies have a responsibility for the behaviour of others with whom they do business (e.g. within supply chains); and (c) that business needs to manage its relationship with wider society, whether for reasons of commercial viability or to add value to society."

This article is not the first to review criticisms of compliance-based models (e.g., AFL-CIO, 2013; De Neve, 2009; Locke et al., 2007, 2009; Locke and Romis, 2007; Lund-Thomsen, 2008; Ruwanpura and Wrigley, 2011) but it is the first, to the best of our knowledge, to assess critically the potential of and limits to an alternative model, namely, the cooperation paradigm for working with CSR in global value chains. We argue that the measures proposed by this paradigm are unlikely to alter power relationships in global value chains fundamentally. Despite the good intentions of its advocates, it cannot deliver sustained improvements in working conditions across developing country export industries, according to our analysis. Drawing on a critical review of the cooperation paradigm, we conclude by suggesting other avenues for research on CSR in global value chains.

Compliance-Based Paradigm

Drivers

Since the fall of the Berlin Wall in 1989, capitalism has dominated economic activity across the globe (Khara and Lund-Thomsen, 2012). In the 1980s and 1990s, privatization of state-owned enterprises, deregulation of national economies, and liberalization of international trade combined to create an environment in which it was highly attractive for multinational companies to conduct business in developing countries (Utting, 2005). The arrival of new communication technologies such as the Internet and the facsimile, reduced costs for international air travel, and better transportation infrastructure also made it possible for international retailers and supermarkets to source products from countries in Asia, Africa, and Latin America (Haufler, 2001). These countries promised abundant labor supplies, necessary skills and manufacturing capabilities, and much lower wages, such that international buyers reduced their cost structures through extensive outsourcing (Tokatli et al., 2008).

However, the rise of global value chains, through which Western retailers and supermarkets controlled vast networks of suppliers dispersed throughout the world, also raised substantial concerns about the social and environmental conditions in which the goods and services were being manufactured (Seidman, 2007). Campaigns initiated by NGOs, trade unions, student organizations, and the media highlighted the use of child and slave labor, as well as the existence of sweatshops that produced items destined for Western markets (Klein, 2000). Initially, the campaigns largely focused on reforming international policy actors, such as the World Trade Organization (Locke, 2013). As it became increasingly clear that efforts to introduce universal minimum labor and environmental standards would not succeed, due to resistance by developing country governments (AFL-CIO, 2013), labor rights and environmental activists turned their attention to campaigning against Western retailers and supermarkets (Bair and Palpaceur, 2012). These campaigns prompted what we call the "compliance-based model" for working with CSR in global value chains (Locke et al., 2009).

Main Features

The compliance-based model assumes that NGOs, trade unions, and the media could bring sufficient pressure on international supermarkets and retailers, whether with naming and shaming campaigns in the public media or by mobilizing consumer boycotts of corporations that failed to ensure safe, hygienic work conditions in their supplier factories in developing countries (Locke et al., 2009). Such pressure then should force international companies to develop corporate codes of conduct or ethical guidelines, stipulating the social and environmental conditions in which their products and services were to be produced in developing countries. Compliance with these guidelines could be checked through social and environmental audits undertaken by first-, second-, or third-party monitors to confirm compliance with international buyers' codes of conduct (O'Rourke, 2003, 2006). In theory, factories that displayed a high level of compliance with a buyer's code of conduct would be rewarded with longer-term trading relationships and more orders. Factories that did not attempt to comply with codes of conduct instead would have their orders reduced or even be completely excluded from global supply chains (AFL-CIO, 2013). Our emphasis on "in theory" is deliberate. In practice, we find limited evidence that international buyers systematically cut ties with factories in response to their low social or environmental compliance levels. Nor is there evidence to suggest that suppliers that display high levels of social and environmental compliance receive rewards in the form of more orders (Ruwanpura and Wrigley, 2011).

This description of the compliance-based model is idealized; in reality, various formulations and implementations have emerged across different geographical contexts. As Hughes et al. (2007) observe, some companies and multistakeholder initiatives have focused less strictly on auditing than others. For example, the U.K.-based ethical trading initiative and some of its NGO and company members adopt more aspirational, developmentally oriented approaches, with a focus on long-term improvements in labor conditions in global value chains. Multistakeholder initiatives and corporations in the United States instead tend to adopt a more short-term, compliance-oriented approach. Nevertheless, in both the United States and Europe, widespread agreement admits that the compliance-based model has brought about limited improvements in work conditions in developing country export industries (AFL-CIO, 2013; Locke, 2013; Locke et al., 2007, 2009; Lund-Thomsen et al., 2012; Ruwanpura, 2012).

Throughout the 2000s and into the early 2010s, impact assessment studies showed that codes of conduct improved tangible work conditions, such as the payment of minimum wages, occupational health and safety, and the reduction of overtime work (Barrientos and Smith, 2007; Egels-Zandén, forthcoming; ETI, 2006). Although not directly framed as a impact assessment study, a recent article by Raj-Reickert (2013) indicates that it may not be clear whether measures used in the implementation of corporate codes of conduct (such as indicators, benchmarks, and audits) have any effect on the health and safety of workers.

But codes of conduct had little effect on less tangible issues, such as freedom of association and the right to collective bargaining (Barrientos and Smith, 2007; McIntyre, 2008; Oxfam, 2013). In some cases, it was unclear whether improvements in work conditions resulted from code implementations or other factors, such as a predisposition among supplier managers to treat the workforce well, or broader environmental factors, such as changes in national legislation (Nelson et al., 2007). Such studies also noted inherent problems with this compliance model. First, discrepancies often arose between the commercial practices of international buyers (e.g., demand for lower prices, seasonal products, completion of orders within a short time span) and their insistence on compliance with their codes of conduct (Barrientos, 2013). To meet price points, suppliers could not pay their workers the minimum wage; to address seasonal demand, they could not provide stable employment year round; and they often were compelled to make workers engage in overtime work to meet last-minute orders (or changes) (Oxfam, 2004; Ruwanpura and Wrigley, 2011; Tokatli et al., 2008). The incoherence between international buyers' purchasing practices and their codes of conduct even became institutionalized in their separate purchasing and CSR departments (Harney, 2008). These distinct departments would visit supplier factories at different times and make contradictory demands, such that the purchasing department might require price cuts a week before the CSR compliance staff insisted on higher wages for workers in supplier factories (Khara and Lund-Thomsen, 2012; Ruwanpura and Wrigley, 2011).

Second, this lack of consistency across buyers' purchasing and social auditing practices pushed some local suppliers to engage in auditing fraud—a practice that became particularly widespread in China (Egels-Zandén, forthcoming; Oxfam, 2013). These suppliers trained workers to provide "correct" answers to auditors and used tailored computer programs to falsify worker records. Thus they met the commercial requirements of international buyers while maintaining the appearance of compliance with corporate codes of conduct (Harney, 2008). When third-party monitors discovered such auditing fraud, they often lacked sufficient incentives to "rock the boat" by demanding significant changes in work conditions, from either buyers or suppliers. These monitors usually were commercial auditing firms, so their continued business depended on maintaining good relations with either buyers or suppliers—that is, the clients that paid for the audits to take place. Thus doubts arose regarding whether the rarely publicized third-party audits could really generate credible evidence about work conditions inside supplier factories (O'Rourke, 2003, 2006). Even more recently, dangerous factory conditions that have caused the deaths of hundreds or thousands of garment workers raised serious concerns about the validity of social auditing, considering that the Karachi-based factory and some of the buildings in Rana Plaza had been certified as compliant with international standards shortly before the deadly incidents (AFL-CIO, 2013; Clean Clothes Campaign/SOMO, 2013).

Conceptual Underpinnings

Many assumptions inherent to the compliance paradigm are reminiscent of those in the global value chain framework. For example, Gereffi (1994) proposes that "lead firms," such as European and North American supermarkets and retailers, drive global value chains. Their role is to "govern" the global value chain, by determining what kinds of products/services to produce, in which quantity, when, where, and at what price, using dispersed networks of suppliers across the developing world. According to this perspective, suppliers are generally "powerless," with few or limited options for influencing the governance of the chain by the lead firms. Gereffi et al. (2005) add nuance to this view by proposing a theory to explain the nature of value chain relationships among international buyers and their first-tier suppliers in the developing world. These relationships can range from arm's-length, market-based relationships (buyers have full control over suppliers) to hierarchies (buyers own suppliers). In between, modular or relational value chains might be characterized by more equal power relationships between buyers and suppliers.

The compliance-based paradigm similarly assumed that lead firms had the power to dictate and control how products were produced by supplier factories in the developing world. This assumption further indicated that international supermarkets and retailers could control both working and environmental conditions in export-oriented industries. Although this compliance-based paradigm avoided the assumption that all lead firms owned their suppliers (hierarchy), power relationships in the chain were regarded as highly unequal, with first-tier suppliers held "captive" to the social and environmental requirements of buyers.

Gereffi's (1994) original conceptualization of global value chain analysis mentions the role of institutional contexts, as part of the global value chain framework. However, this element remained generally underdeveloped until relatively recently, when authors began elaborating on the institutional part of the framework (Nielson and Pritchard, 2009, 2010). In this view, the functioning of global value chains can be understood only in relation to vertical and horizontal dimensions. The vertical dimension refers to the question of who determines the kinds of products that are to be purchased, when, and at what price in global value chains (Gibbon and Ponte, 2005). The horizontal dimension instead entails local socio-economic contexts of work and employment affected by global value chains. These local institutional contexts include both formal rules of the game, such as economic, social, and environmental laws, and the enforcement agencies charged with implementing such laws (De Neve, forthcoming).

Institutions also refer to the informal rules of the game or norms and values that various actors hold in relation to what constitutes global value governance (Nielson and Pritchard, 2010). For example, there may be sharply contrasting ideas about “local” and “global” perceptions of whether child labor should be allowed. International NGOs, trade unions, supermarkets, and retailers often insist on prohibitions of child labor; domestic producers may take the view that child labor constitutes a form of job training for children that will enable them to earn a livelihood, particularly if formal schooling options are either nonexistent or of very poor quality (Lund-Thomsen, 2008). As Neilson and Pritchard (2009) argue, the interaction of global value chains and local institutional contexts thus creates struggles over which norms and values should guide export-oriented production in developing countries.

The compliance-based paradigm focused primarily on vertical relations (i.e., trading relationship between international buyers and their suppliers). It has not paid much explicit attention to how horizontal relations (i.e., local socio-economic and socio-cultural contexts of employment in which global value chains are embedded) affect social and environmental compliance levels in developing country export industries. Drawing on Hess (2004), we assert that the compliance-based paradigm tends to ignore the societal embeddedness of global value chain participants (i.e., actors' origins and the influences on their actions without or outside of their societies of origin), as well as their territorial embeddedness (i.e., extent to which individual actors are anchored in places that facilitate or constrain their actions). Instead, the main focus has been on how the value chain could improve social and environmental conditions in developing country export industries. Implicitly at least, the compliance-based approach seems to have been developed as a response to territorial embeddedness. For example, NGOs and trade unions started campaigning against international lead firms after they realized that many developing country governments were failing to safeguard workers' rights and control environmental pollution levels (Locke, 2013). Thus, they turned to multinational companies to control the social and environmental side effects of outsourcing production to suppliers in developing countries (AFL-CIO, 2013). At the same time, there was perhaps an implicit recognition of the need to ensure the societal embeddedness of corporate codes of conduct. Multinational companies designed codes of conduct to ensure that local suppliers abided by their national laws, such as those dictating how old a person had to be before she or he could be legally employed in a company. These codes of conduct deferred to national laws, even if they also stipulated tougher requirements than those ensconced in national laws (Kolk and Van Tulder, 2004).

Cooperation Paradigm

Drivers

In light of these limitations of the compliance-based paradigm, a broad-based coalition of actors began pushing for the adoption of what we call a more cooperative policy paradigm to working with CSR in global value chains (Lund-Thomsen et al., 2012). First, academic researchers have actively cooperated with large multinational companies to research the limitations of the compliance-based paradigm and document alternative ways that international brands might cooperate with suppliers to achieve sustained improvements in work conditions (Locke, 2013; Locke et al., 2007, 2009; Locke and Romis, 2007).

Second, multistakeholder initiatives, such as the U.K. Ethical Trading Initiative (ETI), Dutch Sustainable Trade Initiative, Danish Ethical Trade Initiative, and Norwegian Sustainable Trade Initiative cooperate across members to find "development-oriented" approaches for improving ethical trade (DIEH, 2013). To some extent, their work has been informed by results from prior impact studies of codes of conduct (e.g., ETI, 2006). These initiatives continue "learning by doing," developing and trying new approaches through projects and working groups, with the aim of establishing best practices for ethical trade. The constant search for new and improved methods of improving CSR in global value chains thus is compatible with the organizational mandates of these initiatives. Various NGOs similarly have participated in broad-based coalitions of actors, pushing for a more cooperative approach to working with CSR in global value chains (IDH, 2010). Oxfam-UK asserts that business can serve an important function for poverty reduction in developing countries (Clay, 2005), so it supports the development of various reports and briefings that document the impact of businesses on society but also how companies—and multinationals in particular—contribute to improving these impacts (Oxfam, 2013). In 2010, Oxfam-UK published a briefing, "Better Jobs in Better Supply Chains," to document how improved labor standards in developing country factories might help boost sales and improve staff recruitment and retention.

Third, private-sector consultants have pioneered a new, cooperation-based approach to CSR in global value chains. For example, the London-based consultancy IMPACTT describes itself as "leading consultancy company in the area of ethical trade, human rights, labor rights, and international development" (IMPACTT, 2013). In its 2011 report, it detailed how international brands and supermarkets have tried to persuade and instruct suppliers to comply with national labor laws and international labor standards but also why their efforts have made little difference for the conditions of workers at the bottom of global value chains. This report contains several case studies that highlight ways for international brands, suppliers, and workers to identify the "sweet spot" at which their interests intersect. Thus international brands and suppliers could compete in "an increasingly uncertain world by harnessing the power of the workforces to produce better products more efficiently" (IMPACTT, 2011). In short, various actors—including international buyers, academics with an interest in CSR in global value chains, consultancy companies, and NGOs—have pushed for the adoption of a new paradigm to working with CSR in global value chains.

Main Features

In a somewhat stylized fashion, we can identify the main characteristics of the new cooperative paradigm to working with CSR in global value chains. First, international buyers need to review their purchasing practices and provide better prices to their suppliers so that the latter can afford to pay workers higher wages. These buyers also might introduce better production planning, to provide business to suppliers throughout the year and avoid last-minute orders (Barrientos, 2013). Maintaining long-term trading relationships with suppliers, instead of shopping around for the cheapest deal, thus becomes crucial for securing better work conditions at the bottom of global value chains (Oxfam, 2010). In addition, coordination between purchasing and CSR departments could enhance the consistency of the demands that these buyers place on suppliers (IDH, 2009).

Second, instead of expecting suppliers to shoulder all of the costs of compliance with codes of conduct, buyers might invest in capacity development, for both local supplier managers and workers employed in the factories (Oxfam, 2010). Local factory managers should receive training in human resources management, product quality, and production processes. Instead of seeing workers as a costly input factor, local factory managers need to be trained to understand them as an important company resource (Nike, 2010). Improving worker–management relations also could help reduce the high turnover rates at supplier factories (IMPACTT, 2011). By involving workers more actively in decision-making processes while promoting teamwork and fault-finding on factory floors, such tactics could increase productivity (Locke et al., 2009). Moreover, some recommendations include offering workers training in their basic rights and responsibilities in the workplace. Then traditional code implementation and auditing could provide top-down pressures on manufacturers to improve conditions, while workers aware of their rights apply a simultaneous bottom-up pressure to receive safe working conditions (Lund-Thomsen and Coe, 2013). However, a prerequisite for these initiatives was closer cooperation and frequent interactions between the sourcing and CSR personnel of international brands and local factory management. Without such interactions, it would not be possible to secure the simultaneous objectives of enhancing factory competitiveness and work conditions (Locke and Romis, 2007).

Third, considering the poor track record of mainstream social auditing methods, a new range of policy measures has aimed to transform standard-setting and auditing in global value chains. With participatory social auditing, auditors would need to be knowledgeable of the local contexts and able communicate in the native languages of workers (Auret and Barrientos, 2005). These auditors then could move beyond a tick-box approach and short fly in–fly out visits, which rarely revealed fundamental violations. Instead, they would have opportunities to be creative, such as leaving their own contact information with workers, who then could call after the visit if they wanted to convey something outside the usual working hours (Harney, 2008). Some companies started experimenting with off-site visits to interview workers in their homes, where they might feel less pressured to provide particular answers to an auditor's questions. Moreover, cooperation between corporations and local resources, such as NGOs and trade unions, would enable closer, more independent, year-round monitoring of work conditions (Oxfam, 2010). Working with such local resources provided a means to discover unauthorized outsourcing of production to local subcontractors, which otherwise would be difficult to discover through normal snapshot audits.

Conceptual Underpinnings

In conceptual terms, the shift to the cooperation-based paradigm marks a change in the nature of value chain governance between international buyers and first-tier suppliers. With its emphasis on long-term, trust-based relationships and close collaboration between international buyers and suppliers, this paradigm mirrors relational value chains, which are characterized by high degrees of mutual dependency in the design, production, and marketing of products/services between buyers and suppliers. Similarly, the cooperation paradigm envisages close collaboration by buyers and first-tier suppliers related to issues such as the introduction of new production techniques or the reorganization of work processes on the factory floor.

The original global value chain approach considered how local suppliers could improve their position in global value chains, with the aim of extracting greater financial benefits from their participation in the global economy (Schmitz, 1999, 2006). The global value chain approach assumed local suppliers could learn from their interactions with global buyers, such as how to improve their products (product upgrading) and production processes (process upgrading). In addition, by learning production skills during interactions with global buyers in one industry, suppliers might transfer these skills and become more competitive in other industries (intersectoral upgrading) (Humphrey and Schmitz, 2002; Schmitz and Nadvi, 1999).

Yet for suppliers to move up the value chain, they also would have to adopt higher-level functions, such as designing and branding their own products (functional upgrading). A consensus emerged that lead firms likely would bar suppliers' functional upgrading, because this step would encroach on their own core competence and turn the suppliers into competitors or new lead firms (Schmitz, 2006). The compliance-based paradigm basically ignored the potential benefits that developing country suppliers might obtain from engaging in social and environmental upgrades to their factories. Instead, they became the “culprits” who failed to address social and environmental concerns, whereas more powerful, international buyers would develop codes of conduct and enforce them rigorously.

In contrast, the cooperation-based paradigm places more emphasis on creating opportunities for product and process upgrading. It emphasizes the business case for social compliance, such that building suppliers’ human resources management and production organization capabilities enhance worker productivity and ensure consistent manufacturing of high quality products (IMPACTT, 2011). Such cooperation also implies a commitment to social upgrading, including increasing the quality and conditions of work by training of workers about their legal rights and the relevant codes of conduct (Lund-Thomsen and Coe,2013). This stylized account of the cooperation paradigm does not place much emphasis on local institutional contexts, particularly the territorial embeddedness of global value chains, but some early signs suggest that this issue is gaining in importance. For example, the ETI (2012) recently announced that its future work would focus on a limited number of value chains (food and farming, hard goods and household, and apparel/textiles), instead of concentrating on thematic issues such as child labor or homework per se (though work continues on these issues). Therefore, the ETI can concentrate on mapping workers’ rights violations in specific value chains that entail distinct societal contexts (e.g., southern India). According to this initiative (ETI, 2012, p. 3), “Addressing workers’ issues in the context in which they occur will enable us to develop models for wider change that are rooted in reality.”

This new approach seems to fit well with insights gained in research highlighting the importance of a good understanding of how CSR becomes embedded in national institutional contexts, in both developed and developing countries (Jamali and Neville, 2011; Matten and Moon, 2008). Institutional perspectives on CSR focus on explaining how and why CSR differs across national or institutional contexts (Brammer et al., 2012; Gond et al., 2011), as well as the potential role of CSR as a global homogenizing force. In this sense, Western conceptions of CSR might spread across the globe as various organizations (and private companies in particular) seek to achieve legitimacy with external stakeholders and respond to mimetic, coercive, and normative pressures (Jamali and Neville, 2011). This search for legitimacy informs the new cooperation-based paradigm, with its focus on international buyers cooperating with local resources, such as NGOs and trade unions that theoretically can provide independent, year-round monitoring of work and environmental conditions at local supplier factory sites. These local resources should provide insights into local work conditions at the bottom of global value chains. From this perspective, the cooperation-based paradigm encompasses a global production networks approach (Henderson et al., 2002).In the global production networks approach, the starting point is the network metaphor, which appears better able to capture global economic organizations than a chain metaphor (Coe et al., 2008).

In practice, lead firms cannot govern their value chains completely. Instead, the governance of global production networks is “spread out,” and diverse actors, such as international organizations, national governments, NGOs, trade unions, business associations, workers, and communities, help determine which products to produce, when, where, in what quantities, and at what price (Henderson et al., 2002). The emphasis in the global production networks approach includes all relevant actors in the production network, not just the direct relationship between international buyers and first-tier suppliers, to understand how such networks are governed (Coe et al., 2004). This line of thinking is reflected in the cooperation-based paradigm, in which the effective monitoring of work and environmental conditions at supplier factories cannot be limited to lead firms and suppliers. A wider set of actors is necessary to govern the value chain effectively, including local, place-based NGOs and trade unions with the necessary expertise to assist lead firms in monitoring work conditions in export-oriented industries in developing countries.

The New Cooperation Paradigm: A Critical Assessment

Can this new paradigm for CSR in global value chains deliver sustained improvements in workers' conditions, as its many advocates hope and believe? We briefly examine some of the main tensions that exist for the new paradigm.

First, just how widespread is the new cooperation-based paradigm for working with CSR in global value chains? In other words, is this new paradigm being taken up by international retailers and supermarkets, or is it mostly an ideal, preached rather than practiced in global value chains? Despite the dearth of research into the actual practices of the new cooperation paradigm, there are several reasons to question just how widespread it is at the moment. Locke and colleagues (2009) document the cooperation between Nike and some of its suppliers in Central America and Asia, which brought about improvements in workers' conditions. Barrientos (2013) and Lund-Thomsen and Coe (2013) also detail how international brands, NGOs, and trade unions have sought to collaborate on issues such as improving purchasing practices and year-round capacity building. However, Barrientos (2013) also notes that international buyers resist the adoption of responsible practices, and Lund-Thomsen and Coe (2013) describe how the global financial crisis and stakeholder politics partly undermined Nike's attempts to link better supplier incentives, factory management training, and awareness-raising activities among the workers employed at a Pakistani supplier. These important examples suggest how the new cooperation paradigm may work in practice, but we find little evidence to suggest that international brands have fundamentally revised their purchasing practices, engaged in long-term capacity building with suppliers, or cooperated with local NGOs and trade unions to train workers and undertake constant factory monitoring. Both Barrientos (2013) and Lund-Thomsen and Coe (2013) instead offer examples of how the measures advocated by the cooperation paradigm might fail. Moreover, Locke et al.'s (2009) examples do not necessarily reflect the general approach Nike takes to working with its suppliers. The rhetoric surrounding cooperation sounds valid, but it is difficult to imagine how vast corporations such as Nike can realistically engage in close cooperation with more than 800 first-tier suppliers. Collaboration might be feasible with a few selected suppliers, engaged in pilot projects; it appears nearly impossible to replicate such close cooperation across hundreds of suppliers, considering just the logistical challenges. Instead, traditional forms of compliance monitoring likely will continue to offer the dominant approach to working with CSR in global value chains, supplemented with occasional pilot projects that seek to develop functional alternatives.

Second, the cooperation-based paradigm emphasizes long-term relationships and investments in capacity building, but few "Southern" voices have taken part in defining this new paradigm. Rather, it appears advocated mainly by international brands, Northern-based consultants, academics, and NGOs. The voices of developing country suppliers, workers, and communities have remained largely silent. This is hardly a new critique of CSR approaches that originate in Europe and North America (Blowfield and Frynas, 2005; Prieto-Carron et al., 2006), but the absence of Southern voices in advocating this change to working with CSR in global value chains can reinforce existing inequalities in global value chain governance. The new cooperation paradigm thus appears to do little to change the basic status quo, in which only certain actors (i.e., international retailers) dictate the terms of their trade with local suppliers. From this perspective, the cooperation paradigm can do little to alter suppliers' perceptions that CSR in global value chains is a form of economic and cultural imperialism (Khan and Lund-Thomsen, 2011). In economic terms, some actors demand that workers be hired as permanent, full-time employees and paid compensation after layoffs, but if they cannot guarantee sufficient work throughout the year—or at least not in the same quantity—it becomes financially impossible for local suppliers to keep a permanent workforce employed at factories (Lund-Thomsen, 2008). These same corporations often insist that local suppliers pay the costs associated with upgrading factories; that is, they demand improvements but are not willing to share the costs of achieving them (Ruwanpura and Wrigley, 2011). In cultural terms, the norms and values underlying CSR rhetoric often represent impositions on developing country suppliers that operate in diverse contexts (Nadvi, 2008), distinct from those that determine the norms of Western Europe or North America. For example, whereas child labor is a social evil in Western views of the world, it offers a means of informal education and family support in some areas of South Asia (A. Khan 2007). This "education" not only helps support the family but also enables children to learn a profession that will sustain them later in life. In contexts characterized by desperate poverty and unavailable schooling, child labor may be part of broader livelihood strategies, used to stay alive (F.R. Khan, 2007; Ruwanpura and Roncolata, 2006).

Another question pertains to whether the cooperation-based approach even is feasible in the context of wider capitalist competition. For example, international consumers seemingly dictate the price and quality requirements for particular goods and services (Gibbon and Ponte, 2005). International corporations respond to these consumer demands by designing products with matching price and quality ranges. Then they place orders reflecting the quantity, quality, and price ranges demanded by consumers, across vast networks of suppliers in developing countries that engage in fierce competition to attract and sustain this business (Gereffi, 1994). In response to supply chain pressures, local suppliers structure networks of contractors, contractors, and workers to obtain the required inputs at the lowest possible price. In this competitive context, there is very little scope for cooperation, beyond the limits set by international consumer markets that demand simultaneously constant price decreases, shorter lead times, and maintenance of product quality (Khara and Lund-Thomsen, 2012; Tokatli et al., 2008). Even were improved cooperation between buyers and suppliers to arise, nothing in the new paradigm ensures a revised sharing of the benefits across the value chain participants. As Kaplinsky (2000) illustrates, securing effective returns on value chain participation depends on the kinds of rents that value chain participants can obtain. Economic rents may be attained through differential productivity (among enterprises or workers) and the erection of barriers to entry (Kaplinsky, 2005). To the extent that international buyers still command the most rents in the value chain, through their control of the design, branding, market, and distribution of consumer products and services, shifting to a cooperation paradigm is unlikely to increase supplier incomes substantially enough to sustain improvements in work conditions and living standards. That is, the cooperation paradigm does not fundamentally challenge the inequality inherent in global value chains. Drawing on Lund-Thomsen (2008), if a local worker is paid 60 cents for stitching a football in Pakistan, the management of the local supplier might be paid 5 dollars for selling that ball to an international brand, before it is sold in an outlet store in Europe or North America at a price of US$100. In other words, international retailers continue to capture most of the value from global value chain participation; suppliers and workers in developing countries obtain marginal shares of the overall value generated. Nor does the new paradigm do anything to alter the basic system of "sweating" (Miller, 2012). Garment manufacturing had already taken on a pyramid shape in the early twentieth century in the United States and Germany: At the top sat so-called "jobbers" that had developed their own designs (and sometimes manufacturing capabilities). They increasingly used production mediators ("sweaters") that could "extract[] the most labour … at the lowest possible price from manufacturing units with the most vulnerable workers that could be found" (Miller, 2012, p. 1). In reference to Blackburn (2007), Miller argues that this system works in contexts marked by an oversupply of labor and no union organization, varying or seasonal demand, and a lack of proper management. The discourse in the cooperation paradigm aims to address root causes of poor working conditions at the bottom of global value chains, but it does little, if anything, to change the pyramid-shaped, unequal, exploitative (global) production system. Perhaps the strongest critique of the cooperation paradigm is that it fails to grant workers sufficient agency in governing the global value chains. An emerging body of literature notes local workers in export-oriented industries who prefer not to work in CSR-compliant factories (De Neve, 2009; Lund-Thomsen, 2013). The main point is to show the diversity of lived experiences among workers engaged in export-oriented manufacturing, particularly in South Asia. Workers are not a uniform input factor; they are living, sentient beings with great diversity in their sex, age, family, economic, cultural, and caste backgrounds. Such diversity influences their preferences to opt into or out of different work practices and places. Carswell and De Neve (2013) demonstrate that young, unmarried, female migrant workers appear content working in formalized, export-oriented factories in Tiruppur, Tamil Nadu, India, because this type of work helps them maximize their earnings and savings, which will help them later in their lives. Once these workers marry, they often are expected to adopt primary child rearing and domestic household responsibilities, such that full-time factory-based work in the city may no longer be feasible for them. Instead, home-based work likely offers a more appealing option, enabling them to earn some income, even if relatively meager, while balancing their domestic duties with income-generating means (see also Lund-Thomsen, 2013).

Conclusions

With this article, we have argued that leading retailers, consultants, NGOs, and academics recognize the limitations of traditional compliance-based models of working with CSR in global value chains. With this model, international NGOs, trade unions, student organizations, and the media pressured multinational companies to adopt voluntary social and environmental guidelines for the performance of their supplier factories in developing countries. In theory (but rarely in practice), this approach would reward CSR-compliant factories and punish those that did not comply. In practice, the compliance model induced relatively modest improvements in work conditions for laborers in export-oriented industries in developing countries. Therefore, a coalition of academics, consultants, leading retailers, and NGOs has advocated a new, cooperation-based paradigm to rectify the shortcomings of the compliance-based paradigm. In the new paradigm, international buyers revise their purchasing practices, help build the capacity of local factory management and workers, and cooperate with local resources (e.g., NGOs, trade unions) to improve factory monitoring and thus labor standard compliance.

By critically assessing the potential and limitations of this new paradigm, we argue that it is unlikely to alter the power relations of international buyers, suppliers, and workers in global value chains. In particular, the new paradigm seems unable to secure significantly higher incomes or improved conditions for workers, considering the constraints imposed by worldwide competition among suppliers. International markets instead appear likely to remain volatile, ever-changing, and demanding, such that suppliers realistically cannot undertake significant upgrades in the conditions of employment for workers without the threat that corporations will relocate their production to other capable, cheaper (and less compliant) suppliers elsewhere in the developing world. Furthermore, the verdict is still out, regarding whether this cooperative paradigm will receive wider recognition and uptake among international brands. Several themes could guide important investigations into the effects of this new paradigm, including (a) the link between buyer purchasing practices and labor standard (non)compliance in developing country factories, (b) efforts to develop the capacity of local supplier management in the area of human resources management, and (c) cooperation between international buyers and local resources.

Purchasing Practices and Labor Standard Noncompliance

Multiple NGO reports and academic articles have pointed to the potentially adverse consequences of corporate purchasing practices on labor standard compliance in developing country factories (Barrientos and Smith, 2007; Oxfam, 2004; Traidcraft, 2006), yet the topic lacks sufficient insights from CSR research in global value chains (cf. Barrientos, 2013). Further investigations of the new CSR paradigm should fill this gap by linking the hitherto unconnected literature streams related to supply chain/operations management and labor standards/codes of conduct in global value chains. In the former, the focus has been mainly on how to optimize processes for sourcing products from domestic or overseas suppliers and pay the lowest possible price for the best possible product, delivered in the shortest possible time frame. Labor research in global value chains instead has addressed how workers (a) benefit from participation in global value chains, (b) are affected by corporations' ethical guidelines and economic upgrading or downgrading processes by local supplier firms, and (c) actively exert their agency to influence their work conditions (Barrientos et al., 2011; Nadvi, 2004; Riisgaard, 2009; Riisgaard and Hammer, 2011). Investigations of the effects of the new cooperative paradigm on CSR in global value chains thus could help build a bridge between operations and supply chain management studies and research into labor standards in global value chains by theorizing and empirically investigating how corporate purchasing practices affect labor standard compliance levels, whether positively or negatively, in developing country export industries.

Another research focus could detail the performance systems in which purchasing managers operate, to determine how different policies reward and/or punish decision making that integrates economic, social, and environmental criteria in purchasing practices. Such investigations would require more in-depth analyses or interviews with purchasing managers and personnel regarding pricing, lead times, product quality, the use of particular production technologies, and management systems. An important theme in this direction might consider how purchasing managers deal with the multiple sustainability dilemmas they face when executing purchasing/sourcing/CSR activities. Researchers would need to ask when and why "classical" purchasing practices seem compatible or conflict with social and environmental sustainability criteria. Research attention also might address resolutions to the sustainability dilemma, including the strategies that purchasing managers already employ when they face multiple requirements. For example, what decision-making processes do managers adopt when they must choose between responding to price pressures by buyers or devoting resources to improving their social/environmental performance? On the other side, how do buyers decide whether to shop around for the cheapest possible bargain or else engage in long-term cooperation with their suppliers?

CSR Capacity Building Among Local Suppliers

Research into the effects of the new cooperative paradigm on CSR should investigate whether pilot projects that have attempted to improve human resources management capacity at local supplier factories have been successful. The new cooperation paradigm predicts that improved human resources management leads to greater labor standard compliance (IMPACTT, 2011). Theoretically, this assumption is reminiscent of Grimshaw and Rubery's (2005) mutual gains approach, according to which the formal employment relationship provides guarantees to workers (e.g., formal contracts, limits to overtime work, health insurance), in return for workers' cooperation, such that both parties gain. That is, employers gain access to a skilled and committed workforce, turnover declines, and productivity increases, while workers enjoy stable work, income, and productive employment. Empirically, the question is whether such an approach is feasible or realistic in competitive international environments marked by declining piece rates, shorter lead times, increasing quality demands, and demands for buyers and suppliers to maintain flexibility to respond quickly to changing market needs (Tokatli et al., 2008).

We thus call for studies that empirically investigate whether attempts at building suppliers' capacity, such as in human resources management, really improve relations between management and workers, despite the broader competitive pressures that global value chain participation entails. Research attention also should consider how power relationships in the value chain affect possibilities for sustaining upgrades. For example, there may be differences in the ways large retailers and small or medium-sized importers engage in capacity building. For large retailers with hundreds or thousands of suppliers, long-term capacity building measures may be infeasible beyond a few select suppliers, chosen specifically for this benefit. Smaller importers with fewer suppliers instead may be better positioned to engage in long-term cooperation, such that a mutual gains approach could be more applicable. If small and medium-sized importers depend on single suppliers in relational chains, their incentives to invest in long-term CSR upgrading efforts at local factories in the developing world likely are greater.

Improved CSR Monitoring by Local Resources

The third part of a research agenda related to the new cooperation paradigm should consider the use of local resources that act as the eyes and ears of international retailers and supermarkets on the ground, offering year-round monitoring of work conditions in supplier factories (Oxfam, 2010). Similar to the issue with capacity building, this theme has important implications for power relations. According to the cooperation paradigm, local resources might extend the power of international retailers and supermarkets to control social and environmental conditions in supplier factories—but at a price. For example, local NGOs risk becoming financially dependent on international corporations, creating questions about their ability to assess work conditions independently (Baur and Schmitz, 2012). Such cooperation with international firms also creates the risk that the more radical advocacy agendas of NGOs might get toned down, in favor of maintaining cooperative relationships (Newell, 2001).

Similarly, local trade unions would confront challenges were they to engage in year-round monitoring of work conditions in local export industries. Traditionally, unions have cited freedom of association and the right to collective bargaining as the most important labor rights and the best means to facilitate improved working conditions in factory-based work settings. Without the right to organize collectively and negotiate for improved work conditions, real changes in compliance with labor standards may be unlikely (AFL-CIO, 2013). From this point of view, serving as a local resource that monitors work conditions at local supplier factories for international corporations might dilute the very *raison d'etre* of trade unions. Instead of taking a seat at the table and engaging in collective bargaining, unions might suddenly find themselves part of the private regulatory efforts of Western companies, whose standards have been determined unilaterally. Further investigations of the new cooperation paradigm for CSR in global value chains thus should attend carefully to both the possibilities and the challenges that such forms of cooperation present, not only for international firms but also for the freedom and independence of local NGOs and trade unions.

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